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SUBJECT: OCTOBER 31 U.S.-OMAN GULF SECURITY DIALOGUE

REF: MUSCAT 984

Classified By: Ambassador Gary A. Grappo for Reasons 1.4 (b, d)

SUMMARY

11. (S/NF) During the October 31 U.S.-Oman Gulf Security Dialogue (GSD) in Muscat, Omani officials -- led by MFA Secretary General Sayyid Badr al-Busaidi -- claimed that

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current U.S. policy towards Iran, including the use of sanctions, was pushing the region into a crisis and emboldening "extremists" in Tehran at the expense of moderate elements. Oman hopes for a positive outcome at the international conference in Annapolis on the Israeli-Palestinian conflict, but believes that the U.S. must fully use its influence with both sides, particularly Israel, to achieve progress towards peace. On Iraq, Sayyid Badr stated that Oman would designate an ambassador to Baghdad "when the time is right," and took note of recent improvements in the security situation. The Omani side expressed concern over the outflow of Iraqis to other states, as well as a possible premature withdrawal of U.S. forces. Oman welcomed continued cooperation with the U.S. on security and military issues, and will work with the Embassy to demonstrate its need for ATACMS to bolster the Sultanate's defense capabilities. Sayyid Badr promised to consider stepping up Oman's participation in the Proliferation Security Initiative and join the Global Initiative to Combat Nuclear Terrorism. End Summary.

MEETING PARTICIPANTS

12. (C) A U.S. delegation led by Acting Assistant Secretary of State for Political-Military Affairs Ambassador Stephen Mull and Special Assistant to the Under Secretary of Defense for Policy Michael Coulter met with Omani government officials on October 31 in Muscat for the third round of the U.S.-Oman Gulf Security Dialogue. Ambassador Grappo, NEA Deputy Assistant Secretary Gordon Gray, CENTCOM Deputy Director J-5 Rear Admiral John Miller and J-5 Deputy Director Political Military Affairs Middle East Colonel Ralph Baker also were present. The Omani side was led by Ministry of Foreign Affairs (MFA) Secretary General Sayyid Badr al-Busaidi, who headed the Omani delegation to the last GSD meeting in June in Washington, D.C. The following Omani officials also participated: Mohammed bin Nasser al-Rasbi --

Under Secretary of the Ministry of Defense; Ambassador Ahmad bin Yousef al-Harthi -- Director of the MFA Arab Affairs Department; Mahmood Mohammed al-Raisi -- Director of the MFA American Affairs Department; Humeid al Ma'ani -- Director of the MFA Office of the Secretary General; Brigadier Awad al Mushieki -- Director of Training and Exercises, Office of the Chief of Staff of the Sultan's Armed Forces; and Abdullah al-Riyami, Deputy Director of the MFA Department of International Affairs.

FRANK TALK BETWEEN FRIENDS

13. (C) Acting A/S Mull and Special Assistant Coulter presented a brief overview of regional issues and thanked Oman for its cooperation on security and military matters. Sayyid Badr responded that Oman was pleased to have regular senior-level dialogue with the U.S. on security issues and emphasized that the two countries shared a strong commitment to peace, justice and stability. Being such close friends, he continued, meant that Oman could be frank in talking with the U.S. on the "difficult and complex" security situation in the region. He added that while the U.S. and Oman might have differences of opinions on the "great challenges" facing the Gulf, such differences were "healthy" given the two countries were bound by the same principles and overall goals. Sayyid Badr further emphasized that despite these occasional disagreements, Oman would never allow any issue or event to separate the Sultanate from its historic strong relationship -- which he characterized as a "strategic partnership" -- with the U.S.

DIFFERING VIEWS ON IRAN

MUSCAT 00001065 002 OF 004

14. (C) Regarding Iran, Sayyid Badr stated that current U.S. policy was pushing the region towards a "crisis situation," which he feared could "lead to disaster." Sanctions, he claimed, were sabotaging efforts to diffuse tensions and emboldened Iranian officials and "extremists" antagonistic to the West -- i.e., those who would "blunder into war" -- at the expense of moderate elements, who he said were losing power in Tehran. Sayyid Badr asserted that current and future sanctions could also encourage Iran to further utilize terrorist organizations to achieve its agenda. "Dangerous movement on both sides," he warned, was making the possibility of a military clash more likely. Sayyid Badr further cautioned that hostility between the U.S. and Iran could jeopardize recent improvements in the security situation in Iraq. Lauding U.S. outreach to Sunni groups and noting progress in persuading all Iraqis to participate in the political process, Sayyid Badr said it would be "horrible" if this positive momentum were "blown away" by U.S.-Iran tensions.

15. (C) For its part, Oman was urging the Iranian government "to the utmost of our ability" to resolve tensions with the West through dialogue and to adopt a moderate stance, Sayyid Badr stressed. At the same time, he added, Oman hoped that the U.S. -- which he knew sincerely wanted to avoid a military conflict -- would reconsider its current policies before the two sides passed the point where a peaceful resolution to their differences was no longer possible. Sayyid Badr also asked the U.S. to give the IAEA a chance to "do its job and achieve a breakthrough."

16. (C) Thanking Sayyid Badr for his views, Acting A/S Mull responded that a nuclear-capable Iran was clearly the biggest threat to the region, but emphasized that the U.S. -- and Secretary Rice in particular -- was working with the

SIPDIS

international community to reach a diplomatic solution. While the U.S. did not want to resort to sanctions against Iran, it had exhausted all other options; yet it remained ready to engage in a wide-ranging dialogue if Iran would only suspend its enrichment program in accordance with UN Security Council mandates. DAS Gray pointed out Tehran's long history of non-compliance with its non-proliferation treaty obligations and noted that the IAEA Board of Governors had referred the Iranian nuclear file to the UN Security Council, which unanimously voted in favor of sanctions after Tehran rejected the P5 plus 1 proposal. Moreover, Iran had lined up on the wrong side on virtually every regional issue, particularly the situation in Iraq where it is enabling the killing of U.S. and coalition forces and civilians.

17. (S/NF) Following a briefing by the U.S. delegation on the status of Iran's nuclear program and regional aspirations, Sayyid Badr expressed thanks for the information, but commented that he did not think that "Europe and other states" fully shared U.S. assessments on Iran. He also noted that Oman's "friends" had said that only 600-700 of Iran's centrifuges were "operational." Sayyid Badr questioned the extent of Iranian power in Iraq, stating that the Iraqi Shi'a whom Oman talked to emphasized their Arab character and rejected notions that they were being controlled or unduly influenced by Iran.

18. (C) What is often missing in the discussion of Iran's nuclear activities, Sayyid Badr continued, was the question "Why are the Iranians behaving this way?", the answer to which could help international efforts to modify Iranian policies. He stressed that Oman was firmly against Iran acquiring a nuclear weapons capability and claimed that Omani officials "tell the Iranians things they don't want to hear."

While the regime in Tehran may not fully listen to Oman, he asserted that the Iranians did not interfere in Oman's internal affairs and that there were "no issues" between the two countries. Al-Harthi added that "mutual confidence building measures" were sorely needed to help lessen the distrust and tension between the U.S. and Iran.

OTHER REGIONAL ISSUES

19. (C) Sayyid Badr stated that resolving the Israeli-Palestinian conflict (based on relevant UN Security Council resolutions) had the potential to "change the entire

MUSCAT 00001065 003.2 OF 004

dynamic of the Middle East." U.S. leadership in achieving a peaceful settlement would have "enormous" positive implications for the fight against terrorism. It would also go far in changing negative Arab perceptions of the U.S. and the "hatred" felt towards America. Oman's commitment to achieving peace between Israelis and Palestinians, he commented, was "great and unconditional."

110. (C) Both Acting A/S Mull and DAS Gray stressed U.S. dedication to push forward the peace process and provided an update on plans to achieve a positive outcome at the upcoming international conference on Middle East peace in Annapolis. Arab support for Abu Mazen, including financial contributions, DAS Gray noted, was vital to this effort. DAS Gray further presented U.S. objectives for the presidential elections in Lebanon and the international tribunal investigating the assassination of former Lebanese PM Hariri.

111. (C) On the peace process, al-Harthi argued that the Annapolis conference would not produce real results unless the U.S. was prepared to fully use its influence with both the Palestinians and Israelis. Sayyid Badr added that the U.S. appeared unwilling to apply pressure on Israel in any way, even though the Israeli government had consistently violated UN Security Council resolutions and its

responsibilities as an occupying power. He further opined that progress on the peace process could help change unhelpful Syrian policies and weaken its relationship with Iran. Concerning Lebanon, Sayyid Badr commented that "the sooner there is progress on the (international) tribunal, the better," while al-Harthi stated that he was optimistic that direct communication between the leaders of the different factions would lead to a consensus on a new president.

THE WAY FORWARD ON IRAQ

¶12. (C) Focusing on Iraq, Special Assistant Coulter delivered an overview of U.S. policy goals and strategy, and noted that the success of the military surge provided a window of opportunity, but that window would close quickly without an immediate and robust political and economic surge by the international community. Admiral Miller then gave a presentation on the challenges and recent "successes" in Iraq, including a decline in violence and the number of foreign fighters entering through Syria. Acting A/S Mull emphasized support from other Arab states was needed to help the Iraqi government restore security. He specifically asked that Oman designate an Ambassador to Iraq, even a non-resident one, and encouraged the Omani government to fulfill its Madrid pledge of USD 3 million for Iraq. Special Assistant Coulter offered to work with Oman to provide security for an assessment team, should Oman wish to visit Baghdad in preparation for establishing a diplomatic mission.

¶13. (C) Sayyid Badr assured the U.S. delegation that Oman provided "moral support" for Iraq and would name an ambassador to Baghdad "when the time is right." Moreover, Oman fully backed the political process and reconciliation efforts in Iraq, as it hoped to see a representative government that "speaks for all the people." He expressed concern over the increasing Iraqi "diaspora" and noted that the government in Muscat was getting "hundreds" of requests from Iraqis to go to Oman. The outflow of people from Iraq was worrying for "many reasons," according to Sayyid Badr, and created acute political and economic challenges for neighboring states. He further advised the U.S. to highlight the "successes" and positive progress in Iraq, including improved security in Baghdad, to counterbalance negative media reports. Economic development, the creation of jobs and anti-corruption efforts, he noted, were also very important for the future of Iraq.

¶14. (C) Al-Harthi expressed concern that U.S. forces would be withdrawn from Iraq before the security situation had stabilized. Sayyid Badr added that the recent U.S. Senate resolution recommending the partition of Iraq, although rejected by President Bush, had raised questions in the region. Acting A/S Mull replied that the President was steadfast in maintaining a substantial U.S. presence in Iraq, and that a peaceful Iraq would remain a vital U.S. interest regardless of who won the next U.S. presidential election.

MUSCAT 00001065 004 OF 004

OMANI DEFENSE NEEDS

¶15. (S/NF) Under Secretary Al-Rasbi expressed his satisfaction with the U.S.-Oman Joint Military Commission (JMC) and the regular dialogue it provided on Oman's defense needs. He voiced his appreciation for U.S. Foreign Military Financing (FMF) and noted that Oman was very pleased with the U.S. F-16s it had purchased. Special Assistant Coulter outlined ways that Oman could expand its already robust security relationship with the U.S. -- including enhanced intelligence sharing, participation in a shared early warning system, and strengthened maritime security cooperation -- and

noted that there may be other mechanisms besides FMF to help supply equipment for Oman's defense. The release of HIMARS (High Mobility Artillery Rocket System) and MLRS (Multiple Launch Rocket System) for Oman, he pointed out, demonstrated U.S. commitment to the security of Oman.

¶16. (S/NF) Acting A/S Mull stated that the U.S. was still considering Oman's request for ATACMS and would need a strong justification to approve their release. Al-Rasbi replied that he "welcomed" the opportunity to demonstrate Oman's need for the ATACMS and would work with the Embassy on this issue.

Sayyid Badr stated that Oman faced serious challenges on air and especially maritime security -- such as the smuggling of people and drugs -- and was eager to enhance its capability to counter them. Special Assistant Coulter invited Oman to join the U.S.-led maritime coalition operating out of Bahrain and highlighted some of the benefits to those who joined, including shared intelligence.

COUNTER-PROLIFERATION

¶17. (C) On non-proliferation, Acting A/S Mull thanked Oman for its endorsement of Proliferation Security Initiative (PSI) principles and strongly encouraged Omani participation in future PSI exercises, including Operation Leading Edge to be hosted by the UAE. He further urged Oman to join the Global Initiative to Combat Nuclear Terrorism, and to quickly conclude a host country challenge inspection agreement with the U.S. under the Chemical Weapons Convention. Sayyid Badr responded that Oman would strongly consider these requests, and commented that it was in Oman's direct interest to prevent "these types of things" from falling into the wrong hands. He also thanked Acting A/S Mull for the U.S. offer of technical assistance to help reform Oman's export control laws.

¶18. (C) In concluding the meeting, Sayyid Badr stressed the importance of continuing regular dialogue between the U.S. and Oman on regional security issues, as well as the need to explore "imaginative and creative solutions" so as to avoid conflicts. Acting A/S Mull assured Sayyid Badr that U.S. policy initiatives did reflect the concerns of its friends, even on subjects in which there was disagreement. The Ambassador pledged that the Embassy would continue to share U.S. thinking on regional security concerns and to listen to Omani views. He also asked that Oman share with the Embassy what it learned from its frequent discussions with the Iranian leadership.

¶19. (U) This message has been cleared by Acting A/S Mull and Special Assistant Coulter.
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